

Message Text

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PAGE 01 OTTAWA 01426 101821Z

43

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-02 PA-04 PRS-01

USIA-15 DRC-01 EURE-00 /176 W
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P 101537Z MAY 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 3439

INFO ALL AMCONSUL IN CANADA

UNCLAS OTTAWA 01426

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: ENERGY: STATUS OF OIL EXPORT TAX WITH DISSOLUTION OF
PARLIAMENT.

REF : OTTAWA 1415

1. ENERGY MINISTER MACDONALD HAS ADVISED OIL INDUSTRY BY
TELEX DATED MAY 9 OF GOC POLICY ON CONTINUITY OF CURRENT OIL
POLICIES IN FACE OF DISSOLUTION OF PARLIAMENT. THIS POSITION
IS AT SOME VARIANCE WITH VIEWS CONTAINED REFTEL BUT SHOULD BE
CONSIDERED DEFINITIVE. FULL TEXT OF TELEX FOLLOWS.

2. BEGIN QUOTE. ON DISSOLUTION OF PARLIAMENT BOTH (I)
BILL C-18 (FOR A PETROLEUM ADMINISTRATION ACT) AND (II) THE
WAYS AND MEANS MOTIONS OF MARCH 28 AND OF APRIL 30 FOR AN OIL
EXPORT CHARGE DIED ON THE ORDER PAPER.

AS A RESULT THERE IS FOR THE TIME BEING NO SPECIFIC
STATUTORY AUTHORITY TO COLLECT AN OIL EXPORT TAX OR AN OIL
EXPORT CHARGE OR TO PAY COMPENSATION TO IMPORTERS OF CRUDE
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PAGE 02 OTTAWA 01426 101821Z

OIL AND PRODUCTS WHO CONFORM TO GOVERNMENT'S VOLUNTARY

PRICE GUIDELINES WHILE INCURRING INCREASED COSTS.

PENDING RE-INTRODUCTION OF APPROPRIATE LEGISLATION IN THE NEXT PARLIAMENT AND IN CONTINUED IMPLEMENTATION OF THE PRINCIPLES FOR CANADIAN OIL PRICING AND SUPPLY AGREED UPON AT THE FIRST MINISTERS' CONFERENCES OF LATE JANUARY AND LATE MARCH, THE GOVERNMENT OF CANADA NOW REQUESTS YOUR COMPANY ALONG WITH ALL OTHER MEMBERS OF THE OIL INDUSTRY TO CONTINUE ON A VOLUNTARY BASIS TO COMPLY WITH THE PRESENT POLICIES. IN PARTICULAR PLEASE COMPLY WITH A TELEX OF TODAY'S DATE (SEE SEPTTEL) FROM ME REGARDING PRODUCT PRICE CHANGES EFFECTIVE MAY 15.

THE GOVERNMENT OF CANADA REQUESTS THAT EXPORTERS OF CANADIAN OIL COLLECT, WITH RESPECT TO CRUDE OIL AND EQUIVALENT EXPORTED IN THE MONTH OF APRIL 1974, AND FROM MAY 1 ONWARDS UNTIL FURTHER NOTICE WITH RESPECT TO OIL PRODUCTS OF CANADIAN CRUDE ORIGIN EXPORTED UNDER LICENCE OF THE NATIONAL ENERGY BOARD AND TO CRUDE OIL AND EQUIVALENT, A CHARGE AT THE RATE OF \$4.00 FOR EACH BARREL OF CRUDE OIL AND EQUIVALENT OR OIL PRODUCT AS THE CASE MAY BE. THE GOVERNMENT OF CANADA REQUESTS THAT MONIES SO COLLECTED BE REMITTED TO THE RECEIVER GENERAL FOR CANADA PENDING PARLIAMENTARY ACTION TO RATIFY THE CHARGE. IF APPROPRIATE PARLIAMENTARY SANCTION IS NOT OBTAINED, THEN THESE FUNDS WILL BE REMITTED.

THE GOVERNMENT OF CANADA INTENDS TO SEEK GOVERNOR GENERAL'S SPECIAL WARRANTS AS AUTHORITY TO CONTINUE TO PAY COMPENSATION TO IMPORTERS ON LINES SIMILAR TO THOSE PROPOSED IN PART IV OF BILL C-18 AND IN THE IMPORTED OIL AND PETROLEUM PRODUCTS COMPENSATION REGULATIONS.

(SIGNED) DONALD S. MACDONALD
END QUOTE
PORTER

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